



## STATEMENT OF AT&T CONNECTICUT

### Regarding Raised House Bill No. 6608 An Act Concerning Consumer Protection in Telecommunications Companies Before the Committee on Energy and Technology March 5, 2009

#### **Proposal:**

Raised House Bill No. 6608 would create a number of new statutory service metrics for some, though not all, providers of voice services in addition to financial penalties for failing to meet such metrics.

#### **Comments:**

AT&T strongly opposes Raised House Bill No. 6608 and urges the committee to reject the proposal.

Voice services offered by AT&T and its competitors in this state are offered in a highly competitive marketplace. In just one sign of the competitive nature of this environment, AT&T has 40 percent fewer access lines in this state than it did in the year 2000. Regulation was created as a surrogate for competition in order to protect consumers who otherwise lacked the ultimate sanction against their provider – that is, taking their business elsewhere. Yet today the abundant number of choices open to Connecticut consumers – cable companies offer voice services everywhere in the state, traditional certified providers are active players, wireless services are increasingly the only technology by which many consumers communicate, and other providers like Vonage and MagicJack offer service for as little as \$19.95 a year – underscores the lack of need for this proposal. Connecticut consumers can and do exercise their ability to take their business to a competitor when their provider doesn't offer the service, feature, price, or combination of one or more, that they want.

Service metrics were created in a world when consumers did not have a choice of providers to ensure that captive customers received at least an average level of service. Today, the communications market is highly competitive and state-mandated metrics are not necessary. In practical effect, every Connecticut consumer today establishes his or her own personal service quality "metrics." A consumer's personal service metric is likely to have little to no relation to an arbitrary metric established by a third party. Customers can and do decide to keep or fire their provider based on their experience and what is important to them as a consumer.

As you may be aware, Public Act 99-222 required the DPUC to establish service quality metrics applicable to all telephone companies and certified telecommunications providers. The DPUC has five metrics in place for AT&T, as well as the limited other companies subject to the DPUC's jurisdiction. AT&T has consistently met and exceeded four out of five metrics and, with regard to the fifth one requiring that AT&T repair Out of Service phone lines within 24 hours 90% of the time, AT&T has presented testimony to the DPUC showing that the problem lies with the measurement, not AT&T's service,

because the measurement makes no allowances for weather, acts of third parties, and other conditions beyond AT&T's control. AT&T, while not the only provider to miss this metric, is the only provider to pay penalties (in the form of customer credits) for missing the metric. The DPUC is currently in the midst of a two-stage proceeding to first examine AT&T's performance under the metrics then determine whether metrics established nearly a decade ago make sense in today's highly competitive communications market.

AT&T is proud of the level of service it provides to its customers and does not believe AT&T's reported performance on the "Out of Service" metric is indicative of the level of service quality we provide to our customers; rather, it is indicative of a metric which simply doesn't work. Consider that AT&T routinely far surpasses what is probably the most important service metric – trouble reports – which indicates the total number of troubles reported on AT&T's lines. After all, the most important factor in determining quality service is: does the service work? In 2008 alone, AT&T averaged 10,000 fewer service calls a month than what the trouble report standard allows. That is indicative of a healthy, well-functioning network. In fact, AT&T invested \$850 million from 2006-2007 in its Connecticut network.

Other objective measures show we are providing quality service to our customers as well, including the DPUC's annual "Consumer Scorecard" in which AT&T has had a top ranking among telecommunications companies and, indeed, has consistently ranked at or near the top of all Connecticut companies subject to the DPUC's jurisdiction. AT&T's own customer satisfaction scores measured by the company are very high and in 2008 the DPUC got only 459 complaints about AT&T's service – or 1 complaint for every 36,600 interactions AT&T had with its customers. Finally, AT&T had the ranking of "A" from the Better Business Bureau of Connecticut. It is no accident that Fortune magazine recently named AT&T the world's most admired telecommunications company – that honor is directly linked to our laser-focus on customer service.

AT&T believes that the "Out of Service" metric is not a good measure of AT&T's customer service because, as it is currently calculated, the metric cannot distinguish between when a carrier is unable to respond in a timely manner as opposed to when it is unwilling to do so. So, for instance, Connecticut's metric does not allow a company to take exclusions for matters beyond its control, like weather for example. Weather is particularly relevant in Connecticut where some 85 percent of AT&T's plant is aerial and exposed to the elements, because weather both has an impact on the underlying plant – by causing service issues – and by preventing the company from fixing service issues during the poor weather condition without putting the service of additional customers at risk. While some other states have service metrics similar to those found in Connecticut, most allow for exclusions for matters beyond the carrier's control, including weather. Such a change in the calculation of the metric in Connecticut would significantly and positively impact AT&T's results on that metric.

AT&T is always striving to improve its service and has taken steps to address its performance under the Out of Service metric. These steps include implementation of a

new dispatch system which ensures that our technicians focus on repairing Out of Service lines first and gets available technicians to customers that need them the most, faster. We have always shifted resources to deal with work load increases and, in fact, in 2008 alone we had the equivalent of 100 extra technicians working on Out of Service repairs, two days a month for 10 months a year, rather than on construction and engineering projects. We have recently reassigned some technicians to traditional repair functions and worked cooperatively with the union representing our employees to increase staffing on Saturdays and Sundays.

Service metrics are complex measurements and require in-depth discussion and analysis by all parties. That is why implementation of such metrics is traditionally left to subject matter experts like the DPUC, as has been the case in Connecticut. As previously noted, the DPUC is examining AT&T's performance and its metrics more generally and AT&T strongly believes that is the appropriate venue for that highly complex and highly technical discussion to take place.

One of the principal shortcomings of the legislation before this committee is that it would exacerbate the unlevel playing field which already exists for voice services in this state. Today, telephone companies like AT&T and Verizon are subject to extensive and pervasive regulation, certified telecommunications providers are subject to far less regulation, while any company offering voice services utilizing VoIP (Voice over Internet Protocol) technology to provide service are specifically exempt from any and all state regulation by virtue of federal law. Among the companies exempt from state rules today are: Comcast, Cablevision, Charter, Metrocast, and Vonage, to name just a few of the largest competitors to AT&T. The legislation before you only makes that unlevel playing field more unlevel by creating more and costly regulations and service metrics for a very few companies, while necessarily not reaching the VoIP providers over whom the state does not have jurisdiction. This gives a competitive advantage to some providers. Unlevel playing fields undermine competition, put government in the role of picking winners and losers in the market, and ultimately confuse consumers. Simply, the attempt to regulate competition – where the regulator can only reach a few competitors in the market – is not in anyone's best interest.

**Conclusion:**

AT&T strongly opposes Raised House Bill No. 6608. The legislation is unnecessary in today's highly competitive environment, deals with a level of detail with respect to service metrics which belongs at the DPUC and not at the legislature, and exacerbates the state's unlevel playing field as it relates to the regulation of competing voice services.